

## Table of Contents

General.....	2
CED and CED-HFFI Programs Overview .....	2
Submission .....	6
Application Timeline .....	6
Award Ceiling .....	7
Grant Period.....	7
Indirect Costs .....	8
Job Creation .....	8
Project Start Date.....	13
Cost Per Job.....	13
Match Requirements .....	15
Exemption from Electronic Submission .....	15
Disbursement of Funds .....	16
Project Location .....	16
Notice of Federal Interest .....	16
Application Formatting .....	17
Page Limits .....	17
Two-file Requirement .....	18
Eligibility Requirements .....	18
Applicant Eligibility.....	18
Tribes.....	23
Food Desert.....	24
Eligible Use of Funds .....	27
Project Description.....	30
Business Plan.....	31
Past Performance with Similar Job Creation Projects.....	31
Financial Feasibility Documentation .....	33
Budget .....	36
Bonus Points .....	39

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

General.....	39
Alignment with Comprehensive Neighborhood Change Initiatives .....	39
Collaboration with Other Federal HFFI Programs and Certain Additional Federal Programs that Address Healthy Food Access .....	41
Loans .....	41
Equity Investment.....	45

This document contains frequently asked questions and answers regarding the 2015 CED & CED-HFFI Funding Opportunity Announcement. You can also access the [2014 CED & CED-HFFI Funding Opportunity Announcement Question and Answers](#).

### General

#### CED and CED-HFFI Programs Overview

**Question:** What is the purpose of the Community Economic Development (CED) Projects program?

**Answer:** The purpose of the CED program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new positions for individuals with low-income that:

- Are ready to implement at the time of award;
- Lead to increased self-sufficiency for individuals and families with low-income;
- Create businesses and jobs in low-income communities that improve the livelihood of not only those who obtain those jobs but the community itself; and
- Attract additional public and private funds to increase investment and quality of life in low-income communities.

The CED program does this by providing funding for projects aimed at business development opportunities and creating employment for individuals with low-income located in geographic areas with a demonstrated need for the proposed project. To accomplish this, the program requires that all businesses and positions created support a service area with unemployment and poverty rates that are at or above the state or national levels. The CED program also seeks to fund projects that address the personal and community barriers that must be overcome to help individuals with low-income become self-sufficient.

**Question:** What is the purpose of the Community Economic Development Healthy Food Financing Initiative Projects (CED-HFFI) program?

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Answer:** The CED-HFFI program's objectives are to support businesses and commercial activities that improve the access to healthy foods and the overall health of community residents while creating long-term jobs in the community that:

- Bring healthy food choices to communities that are in food deserts through the establishment of new healthy food retail outlets or by supporting the offering of a significant number of healthy food choices at an existing retail outlet that lack such choices;
- Develop and enhance distribution systems to increase the amount of healthy food going to healthy food retail outlets in food deserts;
- Develop strategies that promote or encourage the purchase of healthy foods, including outreach and education to consumers in food deserts about healthy food choices and how they can be integrated into their diet; and
- Provide income to individuals with low-income so that they can become self-sufficient.

OCS seeks to fund projects that implement strategies to increase healthy food access, foster self-sufficiency for low-income families, and create sustained employment opportunities in low-income communities. To do this, the CED-HFFI program will provide technical and financial assistance for healthy food ventures designed to: (1) improve access to, and purchase and consumption of healthy, affordable foods; and (2) address the economic needs of individuals and families with low-income through the creation of employment and business opportunities in low-income communities.

**Question:** I am reviewing the FOA for the HHS-CED grant and want to make sure I understand the parameters of the grant-

It is for either building out an existing structure that will house some type of workforce development activities along with other ancillary functions or for investing in an existing company that will support employment training. Is that correct? Can grant activities take place as programs without a physical location i.e. implemented from a CDC office?

Is the ownership of small businesses (to be created as part of the grant activities) counted as a new job or are the employees that they project to hire counted for new jobs?

**Answer:** The objective of the program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new, permanent, full-time, full-year positions. A full-time, full-year position is a non-seasonal position requiring at least 30 hours of work per week. Additionally, 75% of the positions created using CED/CED-HFFI funds must be for low-income individuals and the cost per position cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects.

Grant activities may take place at the CDC office if the CDC is the business that is being created or expanded and that is the location where the new positions are being created. As outlined in the funding opportunity, the application must demonstrate control of the site and/or facilities required to operate the project or that site control is only conditioned on the receipt of the grant. It must include documented proof of the applicant's ownership or control of the property where grant activities will be conducted. Proof of site control includes all of the following documentation: documentation of the

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

specific property location (address, city, state); documentation of a signed and dated deed or lease agreement between the applicant and property owner; and documentation in the agreement of the terms of the agreement, use of premises, and description of the site (prior use or new property, square footage, use of space for the project).

All new permanent, full-time, full year positions created as a result of the creation or expansion of the business (i.e. positions that did not exist prior to grant) count as new positions under this grant.

**Question:** How many applications were submitted last year under CED and HFFI?

**Answer:** In FY 2014, 106 applications were received for the CED funding opportunity and 63 applications were received for the CED-HFFI funding opportunity.

**Question:** Who is the federal point-of-contact for this grant?

**Answer:** The Program Office Contact is Mr. Gerald Shanklin. He can be reached via the following:

Gerald Shanklin  
OCS Operations Center  
1401 Mercantile Lane Suite 401  
Largo, MD 20774  
Phone: 1-855-792-6551  
Email: [ocsgrants@acf.hhs.gov](mailto:ocsgrants@acf.hhs.gov)

**Question:** When will the webinar take place and when will it be available on your website?

**Answer:** The 2015 CED and CED-HFFI Funding Opportunity Announcements Webinar will take place Thursday, February 19th, 2-3:30pm Eastern. If you have not already done so, please register for this webinar by visiting: [www.eventbrite.com/e/winter-2015-webinar-series-for-ced-grantees-registration-14528189205](http://www.eventbrite.com/e/winter-2015-webinar-series-for-ced-grantees-registration-14528189205).

After registering for the webinar you will receive email updates from [OCSRegistrar@icfi.com](mailto:OCSRegistrar@icfi.com) regarding login information for the presentation and updates when the webinar materials are available. The recording, webinar slides, and transcript will be posted on the Winter 2015 CED Webinar Series page (<http://ocscommunitydevelopment.org/index.php/component/content/article?layout=edit&id=71>) shortly following the webinar.

**Question:** How do you file a Notice of Federal Interest? Is this something that must be done prior to application or following award? If this must be done beforehand, is there a form? "NOTE: Grantees using federal funding for construction, major alterations and renovations, or to acquire a facility or land for the project must file a Notice of Federal Interest (NFI)."

**Answer:** A Notice of Federal Interest (NFI) is a lien or other notice of public record that a grantee must file if it directly expends federal grant funds for acquisition, construction, or major alteration and renovation of real property. The applicant is responsible for filing a Notice of Federal Interest following the award in accordance with local procedures. Specific language about what needs to be included in the Notice of Federal Interest will be provided after grant award.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Question:** I was one of the applicants for JOLI grant in 2008 on behalf of the Hadiya Development and Rehabilitation Network, based in Charleston, SC. To date, I have never received Reviewers' comments on that application. Could you please instruct someone to look for that document and send it to me?

**Answer:** Comments on previously submitted applications are only retained for three years and then destroyed by the Records Center.

**Question:** Our plan is to help small businesses by providing micro loans as well as growth and development tools to help them increase their capacity. Services will be delivered from a facility that is ready for use, but needs rehabbing to improve the flow of activities. Although it is our intention to use CED funds to do the rehabbing, no permanent, full-time construction jobs will be created. Should the project be treated as non-construction or a combination of non-construction and construction? If the project is considered a combination, what formula do we use to determine the number of required jobs?

**Answer:** Please keep in mind that the objective of the program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new positions for individuals with low-income that are ready to implement at the time of award. If your project does not result in the creation of new positions, then it is not an eligible use of funds. Projects can have multiple business components creating jobs and removing barriers to and maintaining employment. Accordingly, an applicant can propose a construction project if the construction component is tied to specific job creation and related costs exceed \$150,000 or 25 percent of the total cost of the project; and/or loan(s) to identified constituent(s) sufficient to leverage specified job creation and meet pertinent criteria in the FOA. Also, in all projects involving a loan, the first borrower must be identified along with the standards used to select the borrower and interest accrued on CED funds must be used to continue or expand the activities of the approved project.

As defined in the funding opportunity, construction projects are those that involve the initial building or large scale modernization or permanent improvement of a facility. For this opportunity, alteration and renovation of real property is defined as work required to change the interior arrangements or installed equipment in an existing facility to more effectively utilize the facility for its current or planned business purpose consistent with the job creation requirements of the CED program. The work may be categorized as improvement, conversion, rearrangement, rehabilitation, remodeling, or modernization, but it does not include expansion, new construction, development or repair of parking lots, or activities that would change the "footprint" of an existing facility. OCS grant funds expended for the alteration and renovation costs of grantee-owned facilities that total more than \$150,000 or 25 percent of the total direct cost for the funded project require the filing of a Notice of Federal Interest (NFI). Any project involving any elements of construction are considered construction projects and would have a 5 year project period.

For construction projects, the cost per job calculations cannot exceed \$25,000 and 75% of the positions created must be for low-income individuals. When calculating the cost per position, divide the total CED grant request by the number of full-time, full-year positions to be created through the project as follows:

[Total Amount of Federal CED-Funds Awarded] divided by [\$25,000 for construction projects] =  
[Minimum Number of Jobs to be Created].

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Question:** Does a CED-HFFI award require the grantee to undergo NEPA review and comply?

**Answer:** This is dependent on your project design. All CED-HFFI projects must follow any applicable Federal, State, and local rules and regulations.

### Submission

**Question:** How can I test our system to determine if we have the capability to upload this grant application?

**Answer:** To ensure your system is capable of submitting your application to grants.gov, please make sure you have the compatible version of Adobe Acrobat available. Adobe Acrobat is compatible for use with Grants.gov; however we recommend using the Grants.gov compatible version of Adobe Reader software. Read the Troubleshooting page on grants.gov for more information, specifically the page with information on the recommended software for submitting your application successfully:  
<http://www.grants.gov/web/grants/support/technical-support/recommended-software.html>.

For more information, contact Grants.gov support at 1-800-518-4726 or [support@grants.gov](mailto:support@grants.gov).

**Question:** Can we schedule a conference call prior to submission to discuss our questions?

**Answer:** Unfortunately, OCS cannot schedule a conference call to provide input on your application or project design prior to submission of your application.

### Application Timeline

**Question:** When is the application due?

**Answer:** The deadline for electronic application submission via [www.Grants.gov](http://www.Grants.gov) is 11:59 p.m. ET, on **April 24, 2015** as listed in the *Overview* and in *Section IV.3. Submission Dates and Times*. Electronic applications submitted to [www.Grants.gov](http://www.Grants.gov) after 11:59 p.m. ET, on the due date specified, as indicated by a dated and time-stamped email from [www.Grants.gov](http://www.Grants.gov), will be disqualified from competitive review and from funding under this announcement. That is, applications submitted to [www.Grants.gov](http://www.Grants.gov), on or after 12:00 a.m., ET, on the day after the due date will be disqualified from competitive review and from funding under this announcement.

**Question:** When will funding awards be announced?

**Answer:** Awards will be made no later than September 30, 2015.

**Question:** We plan to submit before the April 24 th deadline. If we delay when is the next deadline for this grant?

**Answer:** For FY 2015 funding, the deadline for electronic application submission via [www.Grants.gov](http://www.Grants.gov) is 11:59 p.m. ET, on April 24, 2015 as listed in the *Overview* and in *Section IV.3. Submission Dates and Times*. Electronic applications submitted to [www.Grants.gov](http://www.Grants.gov) after 11:59 p.m. ET, on the due date specified, as indicated by a dated and time-stamped email from [www.Grants.gov](http://www.Grants.gov), will be disqualified

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

from competitive review and from funding under this announcement. That is, applications submitted to [www.Grants.gov](http://www.Grants.gov), on or after 12:00 a.m., ET, on the day after the due date will be disqualified from competitive review and from funding under this announcement. This is a standing announcement, and it is anticipated the due dates for applications for FY 2015 and FY 2016 will be 4/24/2015 and 03/04/2016, respectively.

### Award Ceiling

**Question:** What is the Award Ceiling?

**Answer:** The award ceiling is \$800,000 per project period. CED-funded projects can be non-construction or construction projects. The award ceiling for both project types is \$800,000. Non-construction projects will have one 36-month project and budget period. Projects that involve construction will have one 60-month project and budget period.

**Question:** Can I submit two construction projects? Can each project be for \$800,000 – is the award ceiling per project or per applicant? Or can I submit one \$800,000 application for two separate businesses?

**Answer:** The award ceiling is per project. An applicant may submit multiple applications for projects requesting up to \$800,000 in CED/CED-HFFI grant funding. However, only one CED/CED-HFFI project per applicant organization will be funded annually. You may also submit an application for a project that involves assisting two separate businesses that does not exceed the funding ceiling of \$800,000 – this is all dependent on your project design.

### Grant Period

**Question:** Is the grant period a maximum period? If the objectives such as job creation and retention are achieved in a shorter period, may the grantee close out the activities related to the grant according to HHS requirements?

**Answer:** Yes, the grant period is a maximum. In some circumstances, a no-cost extension may be awarded to provide a grantee with additional time to finish grant activities. If business expansion/creation and job creation targets are achieved in a shorter period, then the grantee may close out the grant according to HHS requirements and at the discretion of OCS.

**Question:** What is the compliance period for the grant?

**Answer:** The project period for non-construction projects have a 3-year project period, while projects that involve construction have a 5-year project period. As outlined in the funding opportunity, your application must demonstrate that the positions created will be sustained for at least 1 year after the end of the project period by including the steps that will be taken to set up the project solidly and position it for continued success after the end of the project period. Additionally, if your project involves any intangible property (trademarks, copyrights, patents and patent applications, and such property as loans, notes, and other debt instruments, lease agreements, stock, and other personal property ownership, acquired with CED grant funds), you must report to the federal government on the

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

continued use of such funds up to 12 years after the end of the project. As outlined in Consolidated and Further Continuing Appropriations Act, 2015, the Secretary shall establish procedures regarding the disposition of intangible assets and program income that permit such assets acquired with, and program income derived from, grant funds authorized under section 680 of the CSBG Act to become the sole property of such grantees after a period of not more than 12 years after the end of the grant period for any activity consistent with section 680(a)(2)(A) of the CSBG Act: Provided further, that intangible assets in the form of loans, equity investments and other debt instruments, and program income may be used by grantees for any eligible purpose consistent with section 680(a)(2)(A) of the CSBG Act: Provided further, That these procedures shall apply to such grant funds made available after November 29, 1999.

### Indirect Costs

**Question:** How and whom do we negotiate the Indirect Costs rate with HHS? Can the applicant organization set the indirect costs rate at 15%?

**Answer:** If the Department of Health & Human Services (HHS) is the cognizant Federal agency for your institution, you will negotiate your indirect cost rate with the HHS Division of Cost Allocation (DCA). Please refer to the DCA Web site at <http://rates.psc.gov> for further information. Keep in mind, indirect costs should be used only when the applicant currently has an indirect cost rate approved by the Department of Health and Human Services (HHS) or another cognizant federal agency.

### Job Creation

**Question:** How do we define 75% of the workforce created by the project being "low income"? Can we apply for money for a specific of our project ie. \$100,000 and thus only have the requirement of hiring 3 of 4 people as "low income" even though the overall job creation will be 15-18 people? How strict are the rules? If we can't create as many jobs for "low income" folks as we had hoped, what happens?

**Answer:** Low-income is defined as an individual whose household income level does not exceed 125 percent of the official poverty guidelines as found in the most recent revision of the HHS Poverty Guidelines published by HHS. These guidelines may be found at <http://aspe.hhs.gov/poverty/index.cfm>.

While the focus of the program is on the creation of jobs for individuals with low-income as defined by the poverty guidelines published annually by HHS, ACF does not expect that 100 percent of the created jobs will necessarily be filled by individuals with low-income. Often when a business is created or expanded, there is a need to hire high-level managers or other content experts with unique skills and/or experiences that may be more difficult to identify and recruit. For this reason, ACF only requires that a minimum of 75 percent of the newly created jobs be filled by individuals with low-income. To be in compliance with the CED program requirements, your project must fill at least 75% of the positions created using CED/CED-HFFI funds must be for low-income individuals and the cost per position cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects. The cost per position is calculated by dividing the total CED or CED-HFFI funding requested by the number of new jobs to be created over the course of the grant. For example, if you are awarded \$100,000 of CED funds for a non-construction project, you are required to create at least 5 jobs. 75% of those jobs must be



## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

filled by low income individuals (4). For a construction project, you are required to create at least 4 jobs. 75% of those jobs must be filled by low income individuals (3). However, if you are using CED funds to create all 15-18, 75% of those jobs must be filled by low-income individuals.

**Question:** Can you explain who jobs have go to; do all have to be TANF-eligible?

**Answer:** No, all jobs created do not have to be filled by TANF-eligible individuals. However, 75% of all new, full-time, full-year jobs created using CED/CED-HFFI funds must be filled by low-income individuals. For purposes of the CED/CED-HFFI funding opportunities, “low-income” is defined as an individual whose household income level does not exceed 125 percent of the official poverty guidelines as found in the most recent revision of the HHS Poverty Guidelines published by HHS. These guidelines may be found at <http://aspe.hhs.gov/POVERTY/15poverty.cfm>.

**Question:** Does a business project get ANY credit for creating part-time jobs? I realize the goal is full time positions, but might two part time positions equate to one full time position?

**Answer:** No - part time jobs created by a project do not count towards the number of jobs created under the CED program. As stated in the Funding Opportunity Announcements, CED and CED-HFFI funding may be used for eligible activities that contribute to full-time, full-year positions. A full-time, full-year position is a non-seasonal position requiring at least 30 hours of work per week. An aggregation of part-time positions to a full-time equivalent is not considered a full-time position. While part-time job creation is important, in regards to the CED and CED-HFFI Funding Opportunity Announcements, OCS is only concerned with new, full-time positions that applicants propose to create.

**Question:** When considering jobs created, either in the past or in the future with CED funding, do jobs created within the applicant organization count towards the minimum numbers expected to be created and filled as a result of the grant award?

**Answer:** Any new, permanent full-time, full year positions created within the applicant organization as a result of this project can count towards the minimum number of jobs expected to be created and filled through the grant. However, keep in mind that 75% of all new positions created must be filled by low-income individuals as defined by HHS poverty guidelines. These guidelines may be found at: <http://aspe.hhs.gov/poverty/index.shtml>.

**Question:** More details around projecting and reporting on jobs created

**Answer:** If you have specific questions regarding projecting and reporting job creation, please submit those inquiries to the [OCSRegistrar@icfi.com](mailto:OCSRegistrar@icfi.com). As stated in the Funding Opportunity Announcements, CED and CED-HFFI funding may be used for eligible activities that contribute to the creation of new, permanent, full-time, full-year positions. A full-time, full- year position is a non-seasonal position requiring at least 30 hours of work per week. Part time jobs created by a project do not count towards the number of positions created under the CED/CED-HFFI programs. Additionally, 75% of the positions created using CED/CED-HFFI funds must be for low-income individuals and the cost per position cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Question:** What is the definition of a “livable” wage?

**Answer:** While the Funding Opportunity Announcement does not define regarding wage requirements, as outlined in the announcement, the application must provide a quantitative and qualitative description of the number of jobs created, wages, benefits, and position descriptions that indicate the jobs created provided wages that allowed persons to leave public assistance programs or similar supports. For more information, the federal minimum wage provisions are contained in the Fair Labor Standards Act (FLSA). The federal minimum wage is \$7.25 per hour effective July 24, 2009. Many states also have minimum wage laws. Some state laws provide greater employee protections; employers must comply with both. (<http://www.dol.gov/whd/minimumwage.htm>)

**Question:** I understand the job creation requirement for the program. My proposed work will create small scale (neighborhood level) vertical, aero- and aqua- ponics facilities with a storefront. It would provide local, exclusively challenged neighborhoods with access to healthy food options while employing low income residents with timely, modern skills in urban farming. The businesses will become self-sustainable and lead to ongoing employment. In an eco-friendly industry. The current model wouldn't lead to the same numbers of jobs listed in the solicitation unless initial startup crews, trainers and then permanent (ongoing) employees count or exclusions can be made for sustainable models such as this. Are those options?

**Answer:** While we cannot review or comment on the eligibility of your project prior to submission, CED and CED-HFFI funding may be used for eligible activities that contribute to the creation of new, permanent, full-time, full-year positions. A full-time, full-year position is a non-seasonal position requiring at least 30 hours of work per week. Part time jobs created by a project do not count towards the number of positions created under the CED/CED-HFFI programs. Additionally, 75% of the positions created using CED/CED-HFFI funds must be for low-income individuals and the cost per position cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects. The cost per position is calculated by dividing the total CED or CED-HFFI funding requested by the number of new jobs to be created over the course of the grant.

**Question:** What happens if a borrower is not successful in hiring 75% low-income people? What are the consequences for the project?

**Answer:** Grantees are held accountable for achieving the project goals and job creation targets as outlined in their CED application. It is expected that grantees make every effort to achieve grant goals. If job creation targets are not met and/or 75% of the positions are not filled by low-income individuals, grantees may be considered non-compliant and at risk of having to return the CED funds.

**Question:** Is the CED-HFFI grant designed mainly for large projects in large cities? Or might there be some flexibility that would allow us to compete for this grant? For instance, is it possible for our project to generate 20 jobs over a certain period of time. For instance, could we provide on-the-job training to 4 full time employees each year, for a total of 5 years? Or could two part-time jobs be the equivalent of one full-time job?

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Answer:** The CED-HFFI funding opportunity is not designed only for large projects in large cities. CED-HFFI projects are diverse and located across many communities across the country, including some smaller communities in rural areas. Additionally, bonus points are also provided to encourage projects that are located in/serve small, rural communities. A full list and description of current CED-HFFI projects is located at: [www.acf.hhs.gov/programs/ocs/ced-hffi-grantee-map](http://www.acf.hhs.gov/programs/ocs/ced-hffi-grantee-map). The full number of positions your organization is proposing to create needs to be generated over the project period of the full grant, which is 5 years for construction projects and 3 years for non-construction projects. Though you may provide limited training as a part of your job creation plan throughout the course of your grant, training and technical assistance cannot be the primary purpose of your project and cannot count towards your job creation targets. The purpose of the program is to create new, permanent, full-time, full-year positions - as such, two part-time jobs cannot count as one full-time job.

**Question:** Since our project is a multi-use facility aimed at healthy living - food and health care - would the jobs generated at the health clinic qualify toward meeting the job generation requirement?

**Answer:** This is dependent on your project design - if the health clinic is a part of your project and results in the creation of new, permanent, full-time, full-year positions that did not exist prior to the project, then these can count towards your job creation targets.

**Question:** I am a volunteer member of a grant writing team for the HHS-2014-ACF-OCS-EE-0817 grant application due April 23, 2015 and am charged with preparing the written agreement to be executed by employers who will create the new jobs required by the grant. Do you have a sample agreement form or format that is acceptable to your agency. If so, please email it to me.

**Answer:** We do not have sample agreement. However, as outlined in the funding opportunity, the application must include a partnership agreement between the applicant and the project partner that includes a description of roles and the relationship between the applicant and project partner. The agreement must be signed by all parties and, at a minimum, contain the following items:

- A minimum of 75 percent of the positions created and tracked as a result of the project partner's involvement in the project will be filled by individuals with low-income;
- Prospective candidates for positions to be filled by individuals with low-income will be recruited and verified as eligible under the program;
- Strategies for retention of individuals with low-income in the newly created positions have been established;
- Detailed records documenting appropriate expenditures of grant funds will be provided regularly;
- The grantee will play a substantive role in the project and will actively monitor the partner's activities to ensure compliance with CED program requirements;
- All parties will cooperate with federal monitoring efforts; and
- The project partner will maintain accurate, unduplicated counts of positions created, as distinct from the number of individuals hired to fill them over the course of the grant.

**Question:** We may use the funds for a loan project in which we loan HFFI funds to a startup grocery store that will open in our target neighborhood. In the application, in the section under "PROJECT

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

IMPLEMENTATION” on page 29, it states that our loan agreement with the startup grocery store (“borrower”) would contain a “commitment by the borrower to create new, full-time, full-year jobs – at least 75 percent of which will be filled by individuals with low-income.”

My question is about a worst case scenario: let’s say we are awarded HFFI funds, and we loan a portion of those funds to the grocery startup. Let’s say the grocery gets started, but then goes bankrupt, for some reason. Who is on the hook for jobs commitment from those funds? The borrower, who is no longer financially capable of meeting those job commitments? Us as the community development nonprofit? Would the jobs commitment be forgiven?

Also, can you send us a template grant agreement for the HFFI program so that we can better understand the program requirements, etc.? Our board wants to make sure that we do our due diligence, and do not put our organization at risk for meeting requirements or grant recovery for situations outside of our control.

**Answer:** Grantees are held accountable for achieving the project goals and job creation targets as outlined in their CED/CED-HFFI application. It is expected that grantees make every effort to achieve grant goals. If job creation targets are not met and/or 75% of the positions are not filled by low-income individuals, grantees may be considered non-compliant and at risk of having to return the CED/CED-HFFI funds. As a part of your application, an applicant must provide documented evidence that the it is a viable project and can be implemented as proposed in the application.

We cannot provide a template grant agreement - however, It is important to note that all grant funds must be treated in accordance with applicable Federal rules and regulations, including the HHS Grants Policy Statement, Uniform Administrative Requirements of the Code of Federal Regulations, and cost principles. View the HHS Grants Policy Statement at: <http://www.hhs.gov/asfr/ogapa/aboutog/hhsgps107.pdf>. Also, grantees under this funding opportunity announcement will be required to submit performance progress and financial reports twice a year throughout the project period. Additional details on reporting and the frequency of required reporting is outlined in Section VI.3. Reporting.

**Question:** To reach the jobs criteria, we want to know if people who are either volunteering, or working in a different capacity with the organization can be re-assigned to the specific project. They will then be employed full-time specifically for HFFI activities.

- If we partner with an organization, for example one that provides our produce, and they have to hire additional people, or re-assign people to this project (backfilling their old jobs), can we count this towards our job creation totals?
- Can we count janitorial jobs in the total, for those that will be responsible for cleaning the facilities that are to be renovated.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Answer:** As long as the new positions that are being filled did not exist prior to project, they would count towards your job creation goals. Additionally, all new positions must be permanent, full-time, full-year positions and 75% of all positions created using CED-HFFI funds must be filled by low-income individuals. Janitorial jobs would count towards the job creation total as long as they are new, permanent, full-time, full-year positions that did not exist prior to the CED-HFFI project.

**Question:** If there are people currently working on a temporary basis with the organization, can we create a new job and move them to it and make them permanent? We have a few low income individuals who are working with ACC that will not be sticking around after their assigned task is complete. We would like to make them full-time.

**Answer:** As outlined in the Funding Opportunity Announcement, the application must demonstrate that new, permanent full-time positions for the project that did not exist prior to the start of the project and came about as a direct result of the investment of OCS funds in project activities. Any new, permanent full-time, full year positions created within the applicant organization as a result of this project can count towards the minimum number of jobs expected to be created and filled through the grant. However, keep in mind that 75% of all new positions created must be filled by low-income individuals as defined by HHS poverty guidelines. These guidelines may be found at: <http://aspe.hhs.gov/poverty/index.shtml>.

### Project Start Date

**Question:** The application is due in April, with the award announcement coming by September 30<sup>th</sup>. The application states that projects should be "ready" to begin, but can the projects begin prior to receiving the grant award? If the application is submitted in April, and construction begins in August, can those costs be covered when the grant is received in the months following September?

**Answer:** Projects applying for CED/CED-HFFI funds may begin prior to September 30th. However, project costs incurred prior to September 30th may not be covered by grant funds.

### Cost Per Job

**Question:** Please clarify Appendix A: Sample Chart of Cost per Job. If \$100,000 is spent on 4 employees is, the entire amount \$25,000 for each employee?

**Answer:** The cost per position is calculated by dividing the total grant request by the number of full-time, full-year positions to be created through the project.

[Total Amount of Federal CED-HFFI Funds Awarded] divided by [\$25,000 for construction projects or \$20,000 for non-construction projects] = [Minimum Number of Jobs to be Created].

If the total CED award amount is \$100,000 and it is a construction project, then at least 4 jobs must be created through the project.

$\$100,000 / \$25,000 = 4$ . The cost per job is \$25,000 for each of the 4 jobs.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

As outlined in the Funding Opportunity Announcement, the cost per job cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects.

**Question:** Although it is stipulated that microenterprise business training and technical assistance centers are not eligible for assistance under this announcement, can businesses forecasting to create 5 jobs or less be assisted (and those jobs counted), if there is a mix of larger and small new businesses assisted?

**Answer:** Businesses forecasting to create 5 jobs or less are eligible to apply as long as they meet the cost per position requirements and at least 75% of those jobs are for low-income individuals. As outlined in the Funding Opportunity Announcements, the cost per job calculations cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects funded with CED and CED-HFFI funds.

When calculating the cost per position, divide the total CED/CED-HFFI grant request by the number of full-time, full-year positions to be created through the project as follows:

[Total Amount of Federal CED-Funds Awarded] divided by [\$25,000 for construction projects or \$20,000 for non-construction projects] = [Minimum Number of Jobs to be Created].

So in this case, let's assume you will create 5 jobs. Then the total CED/CED-HFFI award amount you can request for a non-construction project is \$100,000 ( $\$100,000 / \$20,000 = 5$ ). If this is a construction project, the total CED/CED-HFFI award amount you can request for a non-construction project is \$125,000 ( $\$125,000 / \$25,000 = 5$ ).

Your project may also assist a mix of larger and smaller businesses – the total number of jobs will be based on the aggregate number of new, permanent, full-time, full year positions to be created by the project as a whole (not per business).

**Question:** Our concern is that our project is not large enough to meet the grant's job generation criteria. Per the grant formula, our project would have to generate 20 full time, full year jobs, with 75% of these occupied by low income persons. Since our market will be small (approx. 3,500 SF), we will not need this many people on staff at the same time.

**Answer:** In general, please keep in mind that the cost per job calculations cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects funded with CED/CED-HFFI funds and 75% of the positions created must be for low-income individuals. When calculating the cost per position, divide the total CED/CED-HFFI grant request by the number of full-time, full-year positions to be created through the project as follows:

[Total Amount of Federal CED-Funds Awarded] divided by [\$25,000 for construction projects or \$20,000 for non-construction projects] = [Minimum Number of Jobs to be Created].

If you are requesting \$500,000, then you must create at least 20 new, full-time positions for a construction project and 25 new, full-time positions for a non-construction project.

## Match Requirements

**Question:** Are matching funds required for award?

**Answer:** There is no cost match required for CED projects.

## Exemption from Electronic Submission

**Question:** How do we request an exemption from electronic submission?

**Answer:** Applicants may request and receive the exemption from required electronic application submission by either:

- Submitting an email request to [electronicappexemption@acf.hhs.gov](mailto:electronicappexemption@acf.hhs.gov), or
- Sending a written request to the Office of Grants Management via

Katrina Morgan  
Administration for Children and Families  
Office of Grants Management  
1401 Mercantile Lane Suite 401  
Largo, MD 20774

Exemption requests must be received by ACF no later than two weeks before the application due date, (April 24, 2015), or 14 calendar days prior to the application due date listed in the Overview and in Section IV.3. Submission Dates and Times.

Requests for exemption from required electronic application submission will be acknowledged with an approval or disapproval.

**Question:** Are there any restrictions on how CED funds can be used?

**Answer:** Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, are considered unallowable costs under grants or cooperative agreements awarded under this funding opportunity announcement.

**Note:** *Costs incurred for grant application preparation are not considered allowable costs under an award and may not be included in the project budget or budget justification.*

- Grant awards will not allow reimbursement of pre-award costs.
- Subawards are not permitted under projects receiving funds under this announcement.
- Grant awards will not allow reimbursement of pre-award costs.
- Grant awards may not be used to capitalize loan loss reserve funds.
- Grant awards may not be used to make a loan with a balloon payment that will be paid after the end of the project period.
- Organizations may receive a maximum of one new CED award per year.

## Disbursement of Funds

**Question:** How grantees typically handle the disbursement of funds, and if a CDC-CDFI partnership is ever used?

**Answer:** Regarding your question about disbursement of funds, upon receiving a CED award and review and completion of any necessary paperwork and requested modifications, the grantee will have access to all of their grant funds through the Division of Payment Management Services. It is up to the grantee to determine the best way to draw down funds as needed to implement their project and coordinate with any project partners. It is important to note that all grant funds must be treated in accordance with applicable Federal rules and regulations, including the HHS Grants Policy Statement, Uniform Administrative Requirements of the Code of Federal Regulations, and cost principles. View the HHS Grants Policy Statement at: <http://www.hhs.gov/asfr/ogapa/aboutog/hhsgps107.pdf>. Also, grantees under this funding opportunity announcement will be required to submit performance progress and financial reports twice a year throughout the project period. Additional details on reporting and the frequency of required reporting is outlined in Section VI.3. Reporting.

## Project Location

**Question:** Can we a project operate in more than one service area, which may be in the same city, but not contiguous areas/neighborhoods?

**Answer:** Yes - as long as all businesses and positions created with CED-funds support a service area with unemployment and poverty rates that are at or above the state or national levels. In the Objectives and Need for Assistance section, the application must demonstrate that the project will meet the program's objectives by successfully serving individuals with low-income through the creation of employment and business opportunities within the project's service area.

**Question:** On page 2 of the announcement it states "...all businesses and positions created support a service area with unemployment and poverty rates that are at or above the state or national levels." Two of the states we serve in, Alabama and Mississippi, fit this criteria. Can we work in multiple states to fulfill the objectives of this grant? Are there any other things for us to consider if we can work in multiple states, other than what is mentioned in the announcement?

**Answer:** In regards to your question regarding service areas, all applications will be evaluated individually on a case by case basis. It is up to the applicant to determine the appropriate service area for their project and provide the necessary documentation to support the project design.

## Notice of Federal Interest

**Question:** I am working with a local company on an OCS application to help them grow their business through the lease and renovation of a new facility as well as the purchase of new equipment that will directly assist in the creation of jobs for low-income residents.

We see that a Notice of Financial Interest (NFI) must be filed on the leased building in relation to the renovation of the real estate utilizing OCS funds that will serve their business expansion. My question is



## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

this: Is there a similar NFI that is required related to equipment purchased by the business utilizing OCS funds, or an NFI that would attach to the business entity itself?

I have thoroughly reviewed the OCS Application and do not believe that an NFI or similar lien will be required against the business entity or equipment purchased, as the passages below state that the NFI will be necessary for only the "Construction" and "Alteration and Renovation". See relevant passages from the application below.

-----  
Relevant sections of Application:

P. 4 Alteration and Renovation - For this opportunity, alteration and renovation of real property is defined as work required to change the interior arrangements or installed equipment in an existing facility to more effectively utilize the facility for its current or planned business purpose consistent with the job creation requirements of the CED program. The work may be categorized as improvement, conversion, rearrangement, rehabilitation, remodeling, or modernization, but it does not include expansion, new construction, development or repair of parking lots, or activities that would change the "footprint" of an existing facility. OCS grant funds expended for the alteration and renovation costs of grantee-owned facilities that total more than \$150,000 or 25 percent of the total direct cost for the funded project require the filing of a Notice of Federal Interest (NFI). (See also Major Alteration and Renovation.)

P. 5 - Construction - Projects that involve the initial building or large scale modernization or permanent improvement of a facility. NOTE: A grantee must file a Notice of Federal Interest (NFI) if it uses CED funding for hard costs or major alteration and renovation of real property to construct or provide major alterations and renovations or for acquisition of a facility or land for the project. See also the definition of Reversionary Interest.

P. 8 Notice of Federal Interest (NFI) - A lien or other notice of public record that a grantee must file if it directly expends federal grant funds for acquisition, construction, or major alteration and renovation of real property. See also the definition of Reversionary Interest.

**Answer:** While OCS grant funds expended for the alteration and renovation costs of grantee-owned facilities that total more than \$150,000 or 25 percent of the total direct cost for the funded project require the filing of a Notice of Federal Interest (NFI); grant funds expended for the purchase of equipment do not require the filing of an NFI.

## Application Formatting

### Page Limits

**Question:** I understand all pages of the narrative and appendices have to be 8 1/2 x 11 but should all pages be vertical, even if some of the inserts are best viewed horizontally? Or would OCS prefer those pages to be placed horizontally for easier viewing?

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Answer:** As long as the applicant adheres to the formatting, font, and page limitation requirements outlined in Section IV.2. Content and Form of Application Submission of the Announcement, the pages can be horizontal or vertical.

### Two-file Requirement

**Question:** What is the two-file requirement?

**Answer:** Each applicant is required to upload ONLY two electronic files, excluding SFs and OMB-approved forms.

- File One: Must contain the entire Project Description, and the Budget and Budget Justification (including a line-item budget and a budget narrative).
- File Two: Must contain all documents required in the Appendices.

No more than two files will be accepted for the review. Applications with additional files will be amended and files will be removed from the review. SFs and OMB-approved forms will not be considered additional files. Please do not attach additional documents to the SF-424 at Question 14 and/or after Question 15. Instead of providing a separate response to Question 14, all applicants are required to submit the SF for Project/Performance Site Location(s) (SF-P/PSL). In the SF-P/PSL, applicants may cite their primary location and up to 29 additional performance sites. Documents submitted as attachments to the SF-424 will be removed from the application and will not be reviewed.

### Eligibility Requirements

#### Applicant Eligibility

**Question:** Who is eligible to apply for a CED grant?

**Answer:** To be eligible for the CED program, an applicant must meet three conditions:

1. Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
2. Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
3. The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

**Note:** The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.”

Applications from individuals (including sole proprietorships) and foreign entities are not eligible and will be disqualified from competitive review and from funding under this announcement. See Section III.3. Other, Application Disqualification Factors.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

Faith-based and community organizations that meet the eligibility requirements are eligible to receive awards under this funding opportunity announcement. Faith-based organizations are encouraged to review the ACF Policy on Grants to Faith-Based Organizations at: <http://www.acf.hhs.gov/acf-policy-on-grants-to-faith-based-organizations>.

See "Legal Status of Applicant Entity" in Section IV.2 for documentation required to support eligibility.

**Question:** Community action agencies are eligible to apply for a CED grant as long as they meet the following three conditions:

1. Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
2. Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
3. The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

**Answer:** Community action agencies are eligible to apply for a CED grant as long as they meet the following three conditions:

1. Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
2. Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
3. The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

**Question:** I recently received an email notification that the application dates for the following grant have been changed to 4/24/2015 and we would like to reapply:

Our application was disqualified in 2014 due to Section III.3, stating "Applications received from organizations that are not CDC's as defined earlier in this section will be disqualified."

The attached application revision, page 2, has a statement highlighted "Community organizations that meet the eligibility requirements are eligible to receive awards under this funding opportunity announcement." that is confusing. My question is why would we not be eligible for this grant opportunity and how would we collaborate with our local CDC for this grant? Who would be our contact?

**Answer:** Yes – the application due date for the 2015 CED and CED-HFFI Funding Opportunity Announcements has been moved to April 24, 2015.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

While we cannot review or comment on the eligibility of your project prior to submission, please note the following from the FOA. Your organization is eligible to apply for a CED or CED-HFFI grant as long as it meets all of the following three conditions:

1. Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
2. Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
3. The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

In order to find CDCs in your area that you may collaborate with, you may review the list of active CED and CED-HFFI grantees funded in your state:

- CED Grantee Map: [www.acf.hhs.gov/programs/ocs/programs/ced/ced-grantees](http://www.acf.hhs.gov/programs/ocs/programs/ced/ced-grantees)
- CED-HFFI Grantee Map: [www.acf.hhs.gov/programs/ocs/ced-hffi-grantee-map](http://www.acf.hhs.gov/programs/ocs/ced-hffi-grantee-map)

**Question:** Our project provides programs for adults with developmental disabilities. The agency has a vital program called Pathways to Employment that provides employment training for approximately 200 adults annually that helps them secure and keep community-based employment. This training program is not funded through state reimbursements. The agency is in a capital campaign to both renovate some older facilities and construct a new facility to expand the number of clients it serves and increase the employment rate. Does this grant take into account this population of disabled adults? They do secure work but do not enter into the traditional 40hrs/week. They remain part-time.

**Answer:** The target population for the CED/CED-HFFI programs are individuals with low-income residing in the project's service area, including those individuals with disabilities. As stated in the Funding Opportunity Announcements, CED and CED-HFFI funding may be used for eligible activities that contribute to the creation of new, permanent, full-time, full-year positions. A full-time, full-year position is a non-seasonal position requiring at least 30 hours of work per week. Part time jobs created by a project do not count towards the number of positions created under the CED/CED-HFFI programs. Additionally, 75% of the positions created using CED/CED-HFFI funds must be for low-income individuals and the cost per position cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects. Also, all proposed projects creating permanent full-time jobs must be financially viable, including those employing people with disabilities.

Keep in mind, projects that focus primarily on job training, job placement, and technical assistance are not eligible under CED/CED-HFFI programs. Limited job training and job placement activities can be

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

supported in the context of modest training that may be provided specifically for the new positions created. For example, funds can be used to train a cashier for a specific position that has been created, but cannot be used to operate a general job training and placement program.

Also, in order to be eligible for a CED grant, applicants must be a qualified Community Development Corporation (CDC), meeting all of the following:

1. Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
2. Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
3. The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

**Question:** I was wondering if I could receive some clarification regarding HHS' Community Economic Development Grant's eligible candidates. I work in the research department of a prominent grant writing service located in New Jersey and I have read the RFP thoroughly; I just want some clarification before I move this information forward to my client.

Community Development Corporations (as an "unofficial title", as it notes in the RFP) do or do not include Economic Development Corporations? Similarly, considering the title is "unofficial" does this imply that any private nonprofit with 501 (C) (3) status that has a Board of Directors (representing residents, business leaders, civic leaders) as well as a formal mission statement/document (noting their purpose is to plan, develop, or manage LMI housing or community economic development) is eligible to apply?

**Answer:** Yes - you are correct. An Economic Development Corporation is eligible to apply for a CED grant as long as it meets all of the following:

1. Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
2. Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
3. The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Question:** On the webinar today, during the topic of other factors that will be considered under grant review, it sounded like an applicant that wants to use an OCS grant to expand an existing project that was previously funded by OCS may not be allowed. For instance, if an applicant applied for a grant a few years ago to develop a portion of building space and is now ready to develop an additional portion of building space (in the same building but not the same space) would that be allowed?

**Answer:** You are correct that a previously funded project cannot be funded again under this funding opportunity in order to complete the project. However, the expansion of a previously funded project is not considered the same project even though it may be a part of the same larger project. As long as the scope of both projects funded with CED/CED-HFFI grants are different, then they can be funded as separate projects.

**Question:** The webinar was helpful, but I'm still left with the question of whether my organization is eligible to apply for the CED grant. We are NOT a CDC, and we're not neighborhood-specific, but we serve the 5-county Greater Philadelphia region and are a certified CDFI microlender. Would we be able to apply on our own? Or would we need to partner with a CDC to do so?

**Answer:** "There is no official designation as a CDC. Your organization is eligible to apply for a CED or CED-HFFI grant as long as it meets all of the following three conditions:

1. Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
2. Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
3. The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

In order to find CDCs in your area that you may collaborate with, you may review the list of active CED and CED-HFFI grantees funded in your state:

- CED Grantee Map: [www.acf.hhs.gov/programs/ocs/programs/ced/ced-grantees](http://www.acf.hhs.gov/programs/ocs/programs/ced/ced-grantees)

- CED-HFFI Grantee Map: [www.acf.hhs.gov/programs/ocs/ced-hffi-grantee-map](http://www.acf.hhs.gov/programs/ocs/ced-hffi-grantee-map)

**Question:** I am working on my OCS-CED grant and just wanted to clarify a couple points of understanding:

- Low income is 125% or less of Federal Poverty Level based on family size

-Eligible areas have poverty and unemployment levels higher than the state level? Or is it either poverty levels or unemployment level.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Answer:** Low-income is defined as an individual whose household income level does not exceed 125 percent of the official poverty guidelines as found in the most recent revision of the HHS Poverty Guidelines published by HHS. These guidelines may be found at <http://aspe.hhs.gov/poverty/index.cfm>.

The application must provide recent evidence (published within last 5 years) from U.S. Census updates and other statistics published by federal, state, county, city, or other government bodies that both the unemployment rate and the poverty rate within the project's service area are equal to or greater than the state or national level.

**Question:** Which of our partners have to have completed 2 or more CED-HFFI projects? And what is considered a similar enough project to be considered two or more CED-HFFI projects? One of our key partners, though not our CED has completed many food-related projects that have resulted in new jobs. Is this enough?

**Answer:** We cannot comment on your project design, as outlined in the Funding Opportunity Announcements, reviewers will evaluate the extent to which application demonstrates that the applicant and all partner organizations have the experience necessary to successfully carry out the proposed project, including evidence of two business creation or business expansion projects undertaken by the applicant within the past 10 years that are substantially similar in terms of size and scope to the project for which CED funding is being requested and were successful in creating full-time, full-year positions that lasted for at least 1 year beyond the project period.

### Tribes

**Question:** The Help Desk said that tribes and tribal entities are ineligible to apply to this program. We didn't see that anywhere in the NOFA. Please refer us to where the language stating this tribal exclusion is and confirm that tribes or tribal entities aren't eligible to apply. NPHA is a non-501 (c)(3) tribally designated housing entity with well-documented federally recognized community development authorities. Will this legal organization status satisfy eligibility criteria #1? NPHA has a three-person Board of Directors. All Board Members are community residents who are also serve as business and civic leaders. Will this Board structure satisfy eligibility criteria #3?

**Answer:** As outlined in Section III. Eligibility Information, to be eligible for the CED/CED-HFFI program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

Tribes are not eligible to apply. However tribal organizations that meet the criteria outlined AND have a separate and distinct EIN are eligible to apply for this grant. If the organization does not meet the criteria above or does not have its own EIN, OCS recommends that tribes and other entities serving Native American communities consider establishing a CDC or collaborating with an experienced CDC to to implement job creation programs and support economic self-sufficiency among Native Americans.

**Question:** As for our organization, we are a Federally Recognized Tribal Government, with EIN/DUNS, and Corporate Charter. As an emerging tribal CDC would we be eligible to apply for the grant, and if so, would you be able to provide us with information that can assist us in applying for the Grant? Also if possible, would you be able to point us in the right direction as for what we need to do as a tribe to qualify as an emerging tribal CDC facility?

**Answer:** Tribes, as a governmental organization, are not eligible to apply. However tribal organizations that meet the eligibility criteria outlined below AND have a separate and distinct EIN are eligible to apply for this grant. If the organization does not meet the criteria above or does not have its own EIN, OCS recommends that tribes and other entities serving Native American communities consider establishing a CDC or collaborating with an experienced CDC to to implement job creation programs and support economic self-sufficiency among Native Americans. As outlined in Section III. Eligibility Information, to be eligible for the CED/CED-HFFI program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

## **Food Desert**

**Question:** I was looking for clarification of a Food Desert as determined by the USDA's Food Access Research Atlas. Is the criteria to establish a Food Desert 1 mile access or ½ mile (both are shown as possible choices in selecting a census tract. Also has any other entity that you are aware of (within the City of Phoenix) made a determination that an area is classified as a Food Desert?

**Answer:** Either criteria is eligible for purposes of this announcement. As outlined in Section 1. Funding Opportunity Description, a food desert is defined as low-income communities where a substantial number or share of residents has low access to affordable and healthy food retailers. Healthy food options in these communities are hard to find or are unaffordable. To qualify as a food desert, a community must either:



## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

- Be a census tract determined to be a food desert by the U.S. Department of Agriculture, as identified in USDA's Food Access Research Atlas; OR
- Be a Geographic Unit (i.e., county (or equivalent area), minor civil division that is a unit of local government, incorporated place, census tract, block numbering area, block group, or American Indian or Alaska Native area), which has unemployment and poverty rates that are at or above the state or national levels, and which has been identified as having low access to a supermarket or grocery store through a methodology that has been adopted for use by another governmental or philanthropic healthy food initiative.

Based on this definition, areas that are not in a USDA-defined food desert may still be eligible for funding through the CED-HFFI program if applicants can point to indicators of need, such as poor access to a healthy food retail outlet, a high percentage of low-income residents, incidence of diet-related health conditions, or high concentrations of persons eligible for food assistance programs (e.g., Supplemental Nutrition Assistance Program - SNAP, Special Supplemental Nutrition Program for Women, Infants, and Children - WIC, school lunch programs).

To determine if the service area of this organization is a qualified food desert or for more information on obtaining county-level data relating to food access, food consumption, diet-related health indicators, and participation in food assistance programs, please visit: [www.ers.usda.gov/foodatlas](http://www.ers.usda.gov/foodatlas).

Though we do not have information related to food deserts within the City of Phoenix, some helpful resources related to healthy food financing are available on the following sites:

- <http://healthyfoodaccess.org>  
- [www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing](http://www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing)  
- <http://ocscommunitydevelopment.org/> (Follow links to "Resource Library" & "Healthy Food Financing Initiative")

**Question:** The Census tract in which the Louisville Food Port is located (21-111-000600) does not appear on the USDA list of food deserts. According to the USDA's Food Access Research Atlas, a significant number of residents in the Census tract are low-income and live at least 1/2 mile away from a supermarket or large grocery store. While this does not meet the one-mile standard described in the grant application, this does indicate limited access.

We understand that projects that do not meet the income and access criteria can also qualify based on incidence of diet-related health conditions and food assistance use. Can you recommend a data source for this information? We are having difficulty finding data about SNAP use beyond the state level, and health indicator data is typically available only at the county level. If we find data from a local health department, will that be acceptable?

**Answer:** Based on the definition of a food desert, areas that are not in a USDA-defined food desert may still be eligible for funding through the CED-HFFI program if applicants can point to indicators of need, such as poor access to a healthy food retail outlet, a high percentage of low-income residents, incidence of diet-related health conditions, or high concentrations of persons eligible for food assistance programs (e.g., Supplemental Nutrition Assistance Program - SNAP, Special Supplemental Nutrition Program for

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

Women, Infants, and Children - WIC, school lunch programs).

To determine if the service area of this organization is a qualified food desert or for more information on obtaining county-level data relating to food access, food consumption, diet-related health indicators, and participation in food assistance programs, please visit: [www.ers.usda.gov/foodatlas](http://www.ers.usda.gov/foodatlas).

In addition, some helpful resources related to taxes and healthy food financing are available on the following sites:

- [www.irs.gov](http://www.irs.gov)
- <http://healthyfoodaccess.org>
- [www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing](http://www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing)
- <http://ocscommunitydevelopment.org> (Follow links to "Resource Library" & "Healthy Food Financing Initiative")
- Research Your Community is a free and interactive tool providing data indicators. This new tool is coming soon to the Healthy Food Access Portal at <http://healthyfoodaccess.org/get-started/research-your-community>

**Question:** We are trying to get a sense of whether our project would be competitive in the HFFI pool if it is not technically in a food desert. Thanks for any information you can share.

**Answer:** Based on the definition of a food desert, areas that are not in a USDA-defined food desert may still be eligible for funding through the CED-HFFI program if applicants can point to indicators of need, such as poor access to a healthy food retail outlet, a high percentage of low-income residents, incidence of diet-related health conditions, or high concentrations of persons eligible for food assistance programs (e.g., Supplemental Nutrition Assistance Program - SNAP, Special Supplemental Nutrition Program for Women, Infants, and Children - WIC, school lunch programs).

For more information on obtaining county-level data relating to food access, food consumption, diet-related health indicators, and participation in food assistance programs, please visit: [www.ers.usda.gov/foodatlas](http://www.ers.usda.gov/foodatlas).

In addition, some helpful resources related to taxes and healthy food financing are available on the following sites:

- [www.irs.gov](http://www.irs.gov)
- <http://healthyfoodaccess.org>
- [www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing](http://www.acf.hhs.gov/programs/ocs/programs/community-economic-development/healthy-food-financing)
- <http://ocscommunitydevelopment.org> (Follow links to "Resource Library" & "Healthy Food Financing Initiative")
- Research Your Community is a free and interactive tool providing data indicators. This new tool is coming soon to the Healthy Food Access Portal at [http://healthyfoodaccess.org/get-started/research-](http://healthyfoodaccess.org/get-started/research-your-community)

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

your-community

Please keep in mind, as outlined in Section III. Eligibility Information, to be eligible for the CED-HFFI program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

### Eligible Use of Funds

**Question:** Please clarify the difference between a business incubator program and a microenterprise business training and technical assistance center. What activities of each specifically can or cannot be conducted under the CED grant?

**Answer:** As defined in the announcement, an incubator is a program to help start-up participating businesses flourish by providing support, resources, and business services and advice, usually in one physical location. Incubators that are established without a geographic location in the community are not supported by this announcement. Incubator development is allowable as long as it demonstrates substantial and specific job creation for low-income individuals and the incubator is located in a geographic location within the community. Incubators that are established without a geographic location in the community are not supported by this announcement.

As defined in the announcement, a microenterprise is a commercial participating business with five or fewer employees, at least one of whom is the owner. This is an eligible activity as long as the creation or expansion of a business results in the creation of permanent, full-time, full-year jobs.

CED funds cannot be used solely for training and technical assistance as a means to create jobs. Limited job training and job placement activities can be supported only in the context of modest training that may be provided specifically for the new positions created. For example, funds can be used to train a cashier for a specific position that has been created, but cannot be used to operate a general job training and placement program.

For all CED-funded projects regardless of project design, funds can be used for costs associated with business start-up or business expansion activities, as consistent with the cost principles found at 2 CFR Part 230, provided that the expenditures result in the creation of positions in a viable industry that can be filled with low-income individuals and improve access to healthy, affordable foods.

CED grant funds may not be used for:

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

- Projects that include the reimbursement of pre-award costs.
- Projects that provide subawards/pass-through.
- Projects that use funding to capitalize loan loss reserve funds.
- Projects that use funding to provide loan(s) that have balloon payments that will be paid after the end of the project period.
- Projects that create or expand microenterprise business training and technical assistance centers.
- Projects that focus primarily on job training, job placement, and technical assistance.
- Projects that do not create new jobs that did not exist prior to the proposed CED project.

**Question:** Our organization is planning to apply for the CED grant and we are trying to determine the best approach for application submission. We have two unrelated proposed uses for funds: (1) Establish a for-profit subsidiary to acquire a franchise, and (2) Create a small business incubator. We are seeking your input to determine if the best approach would be to submit two separate applications, or to combine the unrelated ideas into one proposal. Any guidance you can offer would be greatly appreciated.

**Answer:** Regarding your first question: It is up to the applicant to determine the best approach that will achieve project success based on the items outlined in the funding opportunity. We cannot advise or comment on the best approach to your project prior to application submission. It is important to note that an applicant may submit multiple applications for projects requesting up to \$800,000 in CED/CED-HFFI grant funding. However, only one CED/CED-HFFI project per applicant organization will be funded annually. You may also submit an application for a project that involves assisting two separate businesses that does not exceed the funding ceiling of \$800,000 – this is all dependent on your project design. Also, keep the following in mind:

- CED and CED-HFFI funding may be used for eligible activities that contribute to the creation of new, permanent, full-time, full-year positions. A full-time, full-year position is a non-seasonal position requiring at least 30 hours of work per week. Additionally, 75% of the positions created using CED/CED-HFFI funds must be for low-income individuals and the cost per position cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects. The cost per position is calculated by dividing the total CED or CED-HFFI funding requested by the number of new jobs to be created over the course of the grant.

- Incubator development is allowable as long as it demonstrates substantial and specific job creation for low-income individuals and the incubator is located in a geographic location within the community. Incubators that are established without a geographic location in the community are not supported by this announcement.

**Question:** We work with minority immigrant/refugee populations, our primary mission is to assist immigrants and refugees with a training first employment strategy in an attempt to address the economic disparities which impact populations of color in Minnesota. We have partnered with an organization for customized job training. We are making connections that will allow us to get our clients

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

hired by large Twin Cities area corporations. The willingness to hire our clients upon completion of our training program is allowing for unprecedented job opportunities for the immigrant/refugee populations that we work with. We are seeking secure base funding in order to maintain and add new training programs that will certify skills and enable participants to secure better paying jobs. We believe that a good job will create stability and a sense of pride in not only one's self but of the entire community; many of our clients work long hours at low-wage jobs leaving them little time for family or community involvement. Giving hope to these populations is vital especially in our Somali community where there is a threat of recruitment by terrorist organizations; good employment directly effects self-esteem and hopefully lessens the alienation that members of immigrant/refugee populations sometimes feel.

Please let us know if grant funding for the above purpose can be applied for through your department.

**Answer:** While we cannot comment on your project prior to application submission, as stated in the funding opportunity announcements, projects that focus primarily on job training, job placement, and technical assistance are NOT eligible under CED/CED-HFFI programs. Limited job training and job placement activities can be supported in the context of modest training that may be provided specifically for the new positions created. For example, funds can be used to train a cashier for a specific position that has been created, but cannot be used to operate a general job training and placement program.

CED and CED-HFFI funding may be used for eligible activities that contribute to the creation of new, permanent, full-time, full-year positions. A full-time, full-year position is a non-seasonal position requiring at least 30 hours of work per week. Part time jobs created by a project do not count towards the number of positions created under the CED/CED-HFFI programs. Additionally, 75% of the positions created using CED/CED-HFFI funds must be for low-income individuals and the cost per position cannot exceed \$20,000 for non-construction projects and \$25,000 for construction projects. Also, all proposed projects creating permanent full-time jobs must be financially viable, including those employing immigrant/refugee populations.

**Question:** I am writing with a question regarding the current Community Economic Development Projects RFP (HHS-2014-ACF-EE-0817) that is out right now. I work for Hmong American Partnership. We are a current recipient of CED funds and we operate a small loan pool targeting immigrant, especially Southeast Asian Business owners. Demand for microloans within the community has been high. Our loan pool is almost expended.

We are considering a few projects to submit an application through the current CED grant opportunity and expanded loan pool would be a great opportunity for HAP. I am writing to ask if you can apply for additional CED funds before a current grant project period has expired? Our current grant project period is 09/30/2013 - 09/29/2016.

**Answer:** Yes, you may apply for another CED or CED-HFFI grant as long as the funding will be used for a separate project that is different in scope from the your current CED or CED-HFFI project. An expansion of an existing project would be considered a new project as long as the CED/CED-HFFI funds are not being used to complete the original CED/CED-HFFI project.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

Keep in mind, because other important factors are taken into consideration, highly ranked applications are not guaranteed funding. Among other considerations, factors considered include the timely and successful completion by the applicant of projects funded with CED funds within the last 5 years; comments of reviewers and government officials; CED staff evaluation and input; amount and duration of the grant requested, likely sustainability that the project will continue beyond federal assistance, and the proposed project's consistency and compliance with CED goals and policy; compliance with grant terms and conditions under previously awarded HHS grants; audit reports; investigative reports; and the applicant's progress in resolving any final audit or other disallowance on previous CED or other federal agency grants.

**Question:** Can a Local Development Corp. contract with a Cooperative Extension to carry out a grant for a local food project? I didn't see this as a "pass through" but wanted to make sure before I work with them to submit an application for the HHS-2014-ACF-OCS-EE-0819. I am referring to the "ineligible" grant projects wording.

**Answer:** While we cannot review or comment on the eligibility of your project prior to submission, please note the following from the FOA: CED-HFFI grant funds can be used for costs associated with business start-up or business expansion activities, as consistent with the cost principles found at 2 CFR Part 230, provided that the expenditures result in the creation of positions that can be filled with low-income individuals and increase access to healthy, affordable food.

The support for a new or expanded business can be accomplished through the CDC exchanging grant funds to become an equity partner or investor. An equity investment may be either in a subsidiary for-profit corporation of the applicant or an unaffiliated business. The eligible activities section of the FOA states, "Regarding the equity /stock investment, grantees can convey grant funds to third parties to help finance businesses creating jobs for eligible program participants." The loan recipient does not have to be a low-income beneficiary, but the loan must result in the creation of jobs for low-income individuals.

### Project Description

**Question:** Can you provide some guidance on where the logic model should go? There's just a random mention of it once. Is it ok in the appendices?

**Answer:** The logic model should be referenced in the Project Description section of the application and can be included in the Appendices file of the 2-file upload. Note: logic models are exempt from double-spacing requirements and may be single spaced.

**Question:** Please confirm that all financial documentation (I.e., profit and loss forecasts or pro forma, cash flow projections, balance sheets, and sources and uses of funds statements) can either be in the Appendix or the Project Description file (depending on page limitations).

**Answer:** Yes, this is correct. The narrative of your application may include references to supporting documentation that may be included in the Appendices file. In such instances, applicants should provide clear references using item name, location, and page numbers. For example, you may include a

summary of the market analysis in the Project Description, but the actual market research and data may be included in the Appendices file.

**Question:** We've talked to three local food retail owners who are aware of our plans and expressed interest but we haven't selected one yet because of our original timeline. Do we need to have a specific grocery store selected before we apply and include a letter of support from the owner or may we simply include our plans to add a grocery store and allow the residents the opportunity to select the store as planned at a late time?

**Answer:** Each application will be evaluated individually based on the extent to which they meet the criteria presented in Section V of the funding opportunity. However, generally speaking, those applications demonstrating all funding needs have been met and agreements are in place by the time the application is submitted may be considered stronger than those who do not have these commitments in place.

As outlined in the funding opportunity, the objective of the program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new positions for individuals with low-income that are ready to implement at the time of award. For projects involving non-CED funding to carry out the project, the application will be evaluated on the extent to which:

- The application provides evidence that all capital requirements have been met through financing, cash resources, or in-kind contributions.
- The application demonstrates evidence (e.g., signed commitment letters) of unconditional commitments for loans, municipal, federal or state tax credits, equity stock investments, or other supporting grants totaling at least the amount of non-CED funds necessary. Such evidence includes signed letters of commitment from lenders, investors, donors, and grantors.
- The application provides evidence (e.g., a financial statement of cash available) of the applicant's ability to contribute any non-CED cash resources that are needed for the project and that the applicant has pledged in support of the project.
- The application provides evidence of in-kind contributions of personal property and a demonstration of how the value of those contributions was established through techniques such as an inventory valuation for equipment and/or a certified appraisal for real property.

## **Business Plan**

### **Past Performance with Similar Job Creation Projects**

**Question:** In the case of meeting the past performance criterion, if an applicant were partnering with an entity more experienced in job creation, can that entity's performance be utilized to meet the expectation of providing evidence of two business creation or business expansion projects, similar to that being proposed?

**Answer:** Yes – when partnering with a more experienced entity, the partner's experience can be utilized to demonstrate evidence of business creation or business expansion projects undertaken by the

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

applicant within the last ten years that are substantially similar to the project for which CED funding is being requested and were successful in creating full-time, full-year positions that lasted for at least one year beyond the project period. However, keep in mind, each application will be evaluated individually to determine the extent to which the application meets the evaluation criteria outlined in *Section V.1. Criteria*.

**Question:** Regarding the requirement that we have two previous examples of a qualifying project: There is one key project that the CDC has assisted with both the creation and expansion phase, and we were wondering if this would be sufficient to include in a competitive application?

**Answer:** We cannot comment on the specifics of the example you have provided. As outlined in the Funding Opportunity Announcements, reviewers will evaluate the extent to which application demonstrates that the applicant and all partner organizations have the experience necessary to successfully carry out the proposed project, including evidence of two business creation or business expansion projects undertaken by the applicant within the past 10 years that are substantially similar in terms of size and scope to the project for which CED funding is being requested and were successful in creating full-time, full-year positions that lasted for at least 1 year beyond the project period.

**Question:** We had a question on the RFF for the healthy food initiative. There was a statement in the FAQ that stated applicants were required to show 2 past projects with quantitative and qualitative data. We have one. Would not having two recorded projects make us ineligible? Thought we'd better ask the question before spending further time and research on this project!

**Answer:** As outlined in Section V.1 of the funding opportunity, this criteria will be evaluated based on the extent to which:

- 1) The application demonstrates that the applicant and all partner organizations have the experience necessary to successfully carry out the proposed project, including evidence of two business creation or business expansion projects undertaken by the applicant within the past 10 years that are substantially similar to the project for which CED funding is being requested and were successful in creating full-time, full-year positions that lasted for at least 1 year beyond the project period.
- 2) The application provides a quantitative and qualitative description of the number of jobs created, wages, benefits, and position descriptions that indicate the jobs created provided wages that allowed persons to leave public assistance programs or similar supports; and number of years of project operation and position availability for each of the two prior projects.

Each application will be evaluated individually to determine the extent to which the application meets the evaluation criteria outlined in Section V.1. Criteria. Though your application will not be considered ineligible if you do not provide two past projects, your application may not receive full points for this criteria if you do not provide the necessary information. Keep in mind, you may also partner with a more experienced entity who may have experience with other job creation projects. When partnering with a more experienced entity, the partner's experience can be utilized to demonstrate evidence of business creation or business expansion projects undertaken by the applicant within the last ten years that are



substantially similar to the project for which CED funding is being requested and were successful in creating full-time, full-year positions that lasted for at least one year beyond the project period.

### **Financial Feasibility Documentation**

**Question:** Can you please clarify again the difference between the financial feasibility documentation that you expect in the Project Viability section, the financial plan in the Financial Strategies section, and the Budget Justification section? And which Financial Documentation should be in the Appendix (for the business or for the project)?

**Answer:** As outlined in the announcement, in the Project Viability section, the financial feasibility of the participating business(es) must be demonstrated for project viability and show that the participating business(es) project has sufficient income to realize proposed business objectives to match program goals and objectives during the project period. Supporting documentation demonstrating financial feasibility (profit and loss statements, forecasts, balance sheets, and sources and uses of funds statements) for all funds available to the project must be provided in the application. See “financial feasibility/viability” in the Definition of Terms available in Section I. Funding Opportunity Description. Additionally, for a newly established entity, an official (executive director or board member authorized to make decisions on behalf of the organization) must provide a signed statement agreeing to establish a financial management system, developed in accordance with 45 CFR Part 75.302, within 6 months of incorporation of the new entity, along with a signed financial statement stating that the organization is financially healthy.

Meanwhile, the Financial Strategies section should include acceptable financial plan for the project that demonstrates that the project will be economically feasible by the conclusion of the grant period; demonstrate that project will remain viable for at least 1 year after the end of the grant period; show that the project will create at least the minimum number of jobs for the amount of the requested award equal to the ratio found by dividing the requested award amount by \$25,000 for construction projects or \$20,000 for non-construction projects; show that future program income is not necessary to meet the funding needs for implementation of the project design; and the ability to carry out project with only CED or CED-HFFI funds or evidence that other unconditional financing has been secured (cash or in-kind contributions).

Finally, in the Budget & Budget Justification section, you must provide a budget with line-item detail and detailed calculations for each budget object class identified on the Budget Information Form (also known as SF-424A or SF-424C). This budget must also include funding for all required items, including travel for 1 staff member to attend a training and technical assistance conference in Washington, DC, during each year of the grant and, if the applicant is partnering with an experienced CDC, funds to cover the costs of this support (for example, travel costs, payments to cover staff time, etc.).

It is expected that all sections are closely aligned and lead to the success of the project.

**Question:** In cases where the CDC is using the grant to develop a building that is owned by the CDC, and will lease the redeveloped space to a tenant that will create the jobs, is OCS expecting to get supporting

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

financial documentation on both the project and the business creating the jobs, even if the business does not receive an OCS loan/equity investment?

**Answer:** The level of financial documentation needed for the project and business creating the jobs depends on the design of the project. If CED funds are being used to develop a building that is owned by the CDC, then the application should include financial information, leasing policies, market research, and other necessary documentation on the project. However, in this case, the application must also include a partnership agreement between the applicant and the project partner proposing to create the jobs that includes a description of roles and the relationship between the applicant and project partner. The agreement must be signed by all parties and, at a minimum, contain the elements outlined in the funding opportunity announcement in "Section IV.2. Content and Form of Application Submission, Business Plan – Organizational Profile."

**Question:** Regarding the construction grant....do all financing documents need to be executed with funding agencies by the time we apply in April, or would they need to be completed by the time of award in September/October?

**Answer:** As outlined in the funding opportunity, the objective of the program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new positions for individuals with low-income that are ready to implement at the time of award. For projects involving non-CED funding to carry out the project, the application will be evaluated on the extent to which:

- The application provides evidence that all capital requirements have been met through financing, cash resources, or in-kind contributions.
- The application demonstrates evidence (e.g., signed commitment letters) of unconditional commitments for loans, municipal, federal or state tax credits, equity stock investments, or other supporting grants totaling at least the amount of non-CED funds necessary. Such evidence includes signed letters of commitment from lenders, investors, donors, and grantors.
- The application provides evidence (e.g., a financial statement of cash available) of the applicant's ability to contribute any non-CED cash resources that are needed for the project and that the applicant has pledged in support of the project.
- The application provides evidence of in-kind contributions of personal property and a demonstration of how the value of those contributions was established through techniques such as an inventory valuation for equipment and/or a certified appraisal for real property.

Each application will be evaluated individually based on the extent to which they meet the criteria presented in Section V of the funding opportunity. However, generally speaking, those applications demonstrating all funding needs have been met and agreements are in place by the time the application is submitted may be considered stronger than those who do not have these commitments in place.

**Question:** My question pertains to the follow statement found in the Business Plan section of the above titled RFP on page 26.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

Financial documents that show that all necessary financing is in place and not contingent upon other financing sources;

Does this mean that all financing weather non-construction or construction projects have to be in place to proceed with the application. If so, what could HHS funding be used for?

**Answer:** CED funds may be used for the start-up or expansion activities of participating businesses, as consistent with the cost principles, as implemented in 2 CFR Part 200, Subpart E, provided that the expenditures result in the creation of positions that can be filled with individuals with low-income. This includes start-up capital for operating expenses, such as salaries, facilities, and equipment that will be replaced by projected earnings. Your application and budget must show how CED/CED-HFFI funds will be used in conjunction with other funding/financing (if needed) in order to achieve project success.

As outlined in the funding opportunity, the objective of the program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new positions for individuals with low-income that re ready to implement at the time of award. Additionally, for projects involving non-CED funding to carry out the project, the application will be evaluated on the extent to which:

- The application provides evidence that all capital requirements have been met through financing, cash resources, or in-kind contributions.
- The application demonstrates evidence (e.g., signed commitment letters) of unconditional commitments for loans, municipal, federal or state tax credits, equity stock investments, or other supporting grants totaling at least the amount of non-CED funds necessary. Such evidence includes signed letters of commitment from lenders, investors, donors, and grantors.
- The application provides evidence (e.g., a financial statement of cash available) of the applicant's ability to contribute any non-CED cash resources that are needed for the project and that the applicant has pledged in support of the project.
- The application provides evidence of in-kind contributions of personal property and a demonstration of how the value of those contributions was established through techniques such as an inventory valuation for equipment and/or a certified appraisal for real property.

Each application will be evaluated individually based on the extent to which they meet the criteria presented in Section V of the funding opportunity. However, generally speaking, those applications demonstrating all funding needs have been met and agreements are in place by the time the application is submitted may be considered stronger than those who do not have these commitments in place.

**Question:** The list of documents in the appendices includes "audited financial statements." It isn't clear from the narrative requirements where these fit in. Are these statements of the CDC applicant? Of the businesses who are part of the project?

**Answer:** As outlined in Section IV.2 and V.1, under "Plan for Oversight of Federal Award Funds," the applicant must demonstrate sufficient capacity of the applicant organization and its partners to

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

successfully manage federal funds, including describing organizational records systems that relate financial data to performance data by identifying the source and application of federal funds so that they demonstrate effective control over and accountability for funds, compare outlays with budget amounts, and provide accounting records supported by source documentation. This includes providing audited financial statements for the applicant organization showing an operating budget consistent with the amount of CED funding being requested. As outlined in the announcement, in the Project Viability section, the financial feasibility of the participating business(es) must be demonstrated for project viability and show that the participating business(es) project has sufficient income to realize proposed business objectives to match program goals and objectives during the project period. Supporting documentation demonstrating financial feasibility (profit and loss statements, forecasts, balance sheets, and sources and uses of funds statements) for all funds available to the project must be provided in the application.

### Budget

**Question:** If this is our first grant we are applying for this year, are we supposed to put anything in column c, d, e, f or g on the Budget Information (Non-Construction sheet first page)?

**Answer:** As outlined in the instructions provided with the SF-424-A (Budget Information - Non-Construction Programs), Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the latter case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods, all applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

For columns (c) through (g) in Section A, please refer to the following guidance provided in the instructions: For new applications, leave Column (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period. For this funding opportunity, the first funding period is the entire project period since there is only one funding/project period.

**Question:** Budget Information Spreadsheet: Whom do I contact for the contingencies amount and federal funding percentage share?

**Answer:** Based on your question, it seems you are looking at SF-424C (Budget Information for Construction Programs). In general, the fields you reference are not applicable to CED or CED-HFFI grants. However, you would need to determine whether this is needed for your project and provide this information. Also, it is expected that if you are utilizing non-CED/CED-HFFI funding for your project:

- The application provides evidence that all capital requirements have been met through financing, cash resources, or in-kind contributions.
- The application demonstrates evidence (e.g., signed commitment letters) of unconditional

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

commitments for loans, municipal, federal or state tax credits, equity stock investments, or other supporting grants totaling at least the amount of non-CED funds necessary. Such evidence includes signed letters of commitment from lenders, investors, donors, and grantors.

- The application provides evidence (e.g., a financial statement of cash available) of the applicant's ability to contribute any non-CED cash resources that are needed for the project and that the applicant has pledged in support of the project.

- The application provides evidence of in-kind contributions of personal property and a demonstration of how the value of those contributions was established through techniques such as an inventory valuation for equipment and/or a certified appraisal for real property.

**Question:** The announcement says to include travel in our budget for someone to attend the yearly OCS conference, but since there is only a conference every other year, is that still correct?

**Answer:** Yes - the budget in your application must include travel for 1 staff member to attend a training and technical assistance conference in Washington, DC during each year of your grant.

**Question:** (On number 18 under estimating funding; Application for Federal Assistance SF-424) We are a not-for-profit organization and contribute what funds are available monthly towards the facility. What amount are we supposed to put down since we are not a profit organization?

( Number 17 Federal assistance requested; BUDGET INFORMATION - Construction Programs) For the Federal Funding percentage do we need to contact the IRS for that information?

**Answer:** For Number 18 on the SF-424, enter the amount requested, or to be contributed to your proposed project during the first funding/budget period by each contributor listed in the form. This should include the applicant's proposed contribution, if any, to the project.

Number 17 on the SF-424C asks for the percentage of the construction project that will be paid for with federal funds.

**Question:** We are applying for the Community Economic Development Project grant, HHS 2014-ACF-OCS-EE-0817, as a 'construction' project. Can some of the funding be used for programming costs such as training, or does it all have to be used for construction costs?

**Answer:** An applicant can propose a construction project if the construction component is tied to specific job creation and related costs exceed \$150,000 or 25 percent of the total cost of the project; and/or loan(s) to identified constituent(s) sufficient to leverage specified job creation and meet pertinent criteria in the FOA. Funds can be used for staff and other administrative costs, such as those reflected on Form 424A. These costs should be explained in the requested budget narrative.

Keep in mind, projects that focus primarily on job training, job placement, and technical assistance are not eligible under CED/CED-HFFI programs. However, limited job training and job placement activities can be supported in the context of modest training that may be provided specifically for the new

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

positions created. For example, funds can be used to train a cashier for a specific position that has been created, but cannot be used to operate a general job training and placement program.

**Question:** For the past three years we have held a DOD Procurement Technical Assistance grant. Our total federal receipts have been below the threshold for either A-133 or DCAA audits.

All of our accounting is contracting to an outside CPA firm. The grant application asks for audited financials. We have none. Can I submit submitted SF-425's to verify use of federal funds?

**Question:** What is the percentage share for the budget information?

**Answer:** Based on your question, it seems you are looking at SF-424C (Budget Information for Construction Programs). As outlined in the FOA, the SF-424C forms only need to be filled out if your project includes only construction activities. In general, the field you reference is not applicable to CED or CED-HFFI grants. However, you would need to determine whether this is needed for your project and provide this information.

**Question:** I was writing to clarify our eligibility to apply as a CDC for the Healthy Foods Financing Initiative Funds. I believe we may meet your criteria for qualifying as a CDC, and I wanted to confirm, per your application. I will note that the Foundation has not received a full audit of its financials in the last year. Often times, grantors accept the audited financials of the Health Clinic. I know this might create some questions with government funds. Please advise.

**Answer:** While we cannot review or comment on the eligibility of your organization prior to submission, your organization is eligible to apply for a CED or CED-HFFI grant as long as it meets all of the three conditions you mention in your question.

A specific number of years' worth of audited financial statements are required by the Funding Opportunity Announcement. However, OCS expects to receive complete sets of the audited financial statements as an appendix to the application.

Applicants without audited financial statements, such as recently established organizations, must provide a signed statement agreeing to establish a financial management system in accordance with 45 CFR Part 74, within six months, along with a signed financial statement stating that the organization is financially healthy. Refer to section IV.2 of the FOA for more details.

**Question:** What does "financial documents that show that all necessary funding is in place and not contingent upon other financing sources" mean? Can we have a letter from our non-profit incubator, CUCI saying that we are committing to raising an additional \$185,000 from the community and is it ok that we do not have any "official" documents from CDF approving the loan yet? We will not have this money in the bank or CDF's Loan approval before April 24th however, we do have letters of support/commitment to prove the intent to provide these funds.

The text says: Documentation that demonstrates site control (Would the letter of intent from the landlord be sufficient?); Financial documents that show that all necessary financing is in place and not

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

contingent upon other financing sources; Signed agreements in place with the first identified borrower or investment and other project partners. (pg 27 of 62).

**Answer:** Each application will be evaluated individually based on the extent to which they meet the criteria presented in Section V of the funding opportunity. However, generally speaking, those applications demonstrating all funding needs have been met and agreements are in place by the time the application is submitted may be considered stronger than those who do not have these commitments in place.

As outlined in the funding opportunity, the objective of the program is to support businesses that develop new products, services, and other commercial activities that result in the creation of new positions for individuals with low-income that re ready to implement at the time of award. For projects involving non-CED funding to carry out the project, the application will be evaluated on the extent to which:

- The application provides evidence that all capital requirements have been met through financing, cash resources, or in-kind contributions.
- The application demonstrates evidence (e.g., signed commitment letters) of unconditional commitments for loans, municipal, federal or state tax credits, equity stock investments, or other supporting grants totaling at least the amount of non-CED funds necessary. Such evidence includes signed letters of commitment from lenders, investors, donors, and grantors.
- The application provides evidence (e.g., a financial statement of cash available) of the applicant's ability to contribute any non-CED cash resources that are needed for the project and that the applicant has pledged in support of the project.
- The application provides evidence of in-kind contributions of personal property and a demonstration of how the value of those contributions was established through techniques such as an inventory valuation for equipment and/or a certified appraisal for real property.

## Bonus Points

### General

**Question:** Are there any plans to award bonus points for Investing in Manufacturing Communities Partnership areas in the future?

**Answer:** At this time, it is unknown if bonus points for investing in manufacturing communities partnership areas will be awarded in future announcements.

### Alignment with Comprehensive Neighborhood Change Initiatives

**Question:** In the Bonus Points section for Alignment with PZs or Choice Neighborhoods it states that the application must provide a signed letter of support. As part of the grants.gov package, there is also a HUD Form for Promise Zone Preference points. For grantees that will be serving Promise Zones is it

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

necessary to include both the signed HUD Form and a signed letter of support in order to score up to the maximum 5 bonus points or is the signed HUD form sufficient?

**Answer:** The completed and signed copy of Certification of Consistency with Promise Zone Goals and Implementation Form (HUD Form 50153) demonstrating the proposed project is located in shared designated target area(s) that align with and/or will benefit the selectee(s) of the Promise Zones Initiative is sufficient.

This form is available at: [http://portal.hud.gov/hudportal/documents/huddoc?id=HUD\\_Form\\_50153.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=HUD_Form_50153.pdf)  
Though the form is sufficient to demonstrate collaboration with a Promise Zone, it is also expected that the application documents the extent of involvement/collaboration and clearly outlines roles and responsibilities and any support and/or resources to be provided as a result of this partnership.

**Question:** I have questions about this particular grant. I am working with an organization which is a CDC and serves seven rural counties in that area of the state. There is information that asks about the project being in a Promise Zone and I notice that South Carolina has no Promise Zones in it. Will that keep us from being eligible to apply for this funding opportunity?

**Answer:** It is not required that projects are located within the boundaries of a Promise Zone and/or will directly benefit the selectee(s)/residents of the Promise Zones Initiative. Projects will be eligible to receive up to 5 bonus points if the application provides evidence of being located in or directly benefitting selectee(s)/residents of the Promise Zone Initiative and documents the extent of involvement/collaboration and clearly outlines roles and responsibilities and any support and/or resources to be provided as a result of this partnership.

**Question:** The HUD Form for Promise Zone Preference clearly states that projects which substantially and directly benefit Promise Zone residents but which are not within the boundaries of the Promise Zone may be considered for preference points. However, on page 46 of the OCS/CED program announcement it seems to say that the OCS project needs to be located in the Promise Zone/Choice Neighborhood in order to be eligible for bonus points. Can you clarify?

**Answer:** Projects that are not located within the boundaries of a Promise Zone, but will directly benefit the selectee(s)/residents of the Promise Zones Initiative are eligible for bonus points. Keep in mind, your application must also provide sufficient detail demonstrating this.

**Question:** Can you confirm that the HUD Form 50154 in the grants.gov package should be attached as an "Other Attachments Form" since it is listed as one of the "required forms/assurances/certifications", and will not be counted towards the page limits.

**Answer:** The Certification of Consistency with Promise Zone Goals and Implementation Form (HUD Form 50153) is listed under a required form and FOA. Therefore, it should not be included in the Project Description and Appendices files and not count toward the page limit. This form, along with the Standard Forms (SFs) and other OMB-approved forms, such as the SF-424 application and budget forms and the SF-P/PSL (Project/Performance Site Location), are uploaded separately at Grants.gov. These forms are submitted separately from the Project Description and Appendices files. We do recommend including a reference to this form in your application.



## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

See *Section IV.2. Required Forms, Assurances, and Certifications* for the listing of required Standard Forms, OMB-approved forms, and required assurances and certifications.

**Question:** There is a specific form required to show involvement/collaboration with Promise Zones, but there is nothing for Choice Neighborhoods. What is required to show involvement/ collaboration with Choice NH for bonus points?

**Answer:** For bonus points, the application must demonstrate that the proposed project is located in shared designated target areas that align with and will benefit the selectee(s) of the Choice Neighborhoods Program. The application must provide a signed letter of support documenting the extent of involvement/collaboration and clearly outlining roles and responsibilities and any support and/or resources to be provided as a result of this partnership.

### Collaboration with Other Federal HFFI Programs and Certain Additional Federal Programs that Address Healthy Food Access

**Question:** Our non-profit was recently awarded a grant from the Federal EPA Building Blocks for Sustainable Communities - Technical Assistance for Attracting Healthy Food Retail to Underserved Neighborhoods. Might the upcoming TA count for bonus points on the CED-HFFI grant application?

**Answer:** No bonus points will be awarded for involvement in Federal programs such as the Federal EPA Building Blocks for Sustainable Communities or others not specifically identified in this announcement (see Section V.1).

### Loans

**Question:** In the event more than one business will participate in a lending program, please clarify what is needed from the identified borrowers to document their commitment. Is a “sample” loan agreement needed that is signed and detailed as per the instructions on page 27 needed from/with all businesses that will create the total projected number of jobs for the entire project, or is a signed agreement only needed with one/the first business to receive a loan? For example, if there are 3 businesses creating a total of 30 jobs (for a grant of approximately \$600,000) and in addition it is anticipated that other jobs may be created as loans are repaid and new businesses enlist in the program, are signed sample agreements needed with all 3 businesses that create the original 30 jobs or only one (i.e. the “first” business expected to participate)?

**Answer:** In all instances involving a loan, the applicant must identify the business(es) that will receive the initial loans. As outlined in Section V.1 under Business Plan - Project Implementation, one of the factors reviewers will consider is the extent to which the application includes draft copies of the loan agreement(s), which may be conditioned upon receipt of CED/CED-HFFI grant. The agreements should include: name of the specific business(es) receiving the loans; the type(s) of business(es); the business development plan(s); the purpose(s) for which the applicant will make a loan; the loan period; the interest rate to be charged that will be at or below market rate; the repayment schedule; the collateral security required; the default and collection procedures; the signatures of the authorized officials of the

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

lender and borrower; and a commitment by the borrower to create new, full-time, full-year jobs - at least 75 percent of which will be filled by low-income individuals. For the initial business(es), signed agreement(s) with the initial business(es) must be included as outlined above while sample loan agreement(s) can suffice for business(es) to receive subsequent loans.

**Question:** For an application for a loan fund, is the same level of detail on each project required as if you are applying for funding for a single project? For example, site control, financial projections, and market research? Should the resumes be for the grant applicant (which will be the lender) or the project (the borrower)? How about the audited financials?

**Answer:** In all instances involving a loan, the applicant must identify the business(es) that will receive the initial loan(s) as outlined in Section V.1 under Business Plan - Project Implementation and provide necessary documentation. For these initial business(es) identified, a strong application will also include market research, demonstration of site control, financial projections, and other documentation demonstrating the ability of the business(es) to create and sustain the new positions proposed. Project resumes should be provided for those in the applicant organization who will be implementing the project and demonstrate they have the necessary skills and capacity to carry out such a project. Similarly, audited financial statements should be provided for the applicant organization.

**Question:** The webinar said OCS doesn't fund projects that make loans with balloon payments. The announcement says balloon payments have to be made prior to the end of the project period. Please confirm.

**Answer:** CED grant funds may not be used for projects that use funding to provide loan(s) that have balloon payments that will be paid after the end of the project period.

As noted in the announcement, balloon payments are defined as large loan payments agreed upon by the parties and due at the end of a mortgage, commercial loan, or other amortized loan. The balloon payment is not amortized over the life of the loan, and as the remaining balance is the final repayment to the lender. As noted in the definition of "Loan," also found in the announcement, re-payment of all loans funded with CED funds must begin during the course of the funded project period and a balloon payment (if any) must be made before the end of the project period.

**Question:** We are a nonprofit CDFI microlender and provide loans to start up and small businesses/entrepreneurs. We are applying for this grant under that premise.

On page 26 last paragraph of the announcement it states: "...that any interest accrued on loans will be used to continue or expand the activities of the originally approved project during the grant period; and that any repaid principal on such loans that is no longer needed for the originally authorized purpose of the CED program will revert to ACF"

Does all interest and principal have to revert to ACF at the end of the project period? If the interest accrued on loans is used to continue activities of the originally approved project does it have to stay in the same geographic area defined or can it be used in the entire state?

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

Can we support a service area that covers two states if they both meet the criteria that the unemployment and poverty rates are at or above the state or national levels?

Are there no indirect charges/overhead costs allowed, correct?

**Answer:** If your project involves any intangible property (trademarks, copyrights, patents and patent applications, and such property as loans, notes, and other debt instruments, lease agreements, stock, and other personal property ownership, acquired with CED grant funds), you must report to the federal government on the continued use of such funds up to 12 years after the end of the project. As outlined in Consolidated and Further Continuing Appropriations Act, 2015, the Secretary shall establish procedures regarding the disposition of intangible assets and program income that permit such assets acquired with, and program income derived from, grant funds authorized under section 680 of the CSBG Act to become the sole property of such grantees after a period of not more than 12 years after the end of the grant period for any activity consistent with section 680(a)(2)(A) of the CSBG Act: Provided further, that intangible assets in the form of loans, equity investments and other debt instruments, and program income may be used by grantees for any eligible purpose consistent with section 680(a)(2)(A) of the CSBG Act: Provided further, That these procedures shall apply to such grant funds made available after November 29, 1999.

In regards to your question regarding service areas, all applications will be evaluated individually on a case by case basis. It is up to the applicant to determine the appropriate service area and provide the necessary documentation to support your project design.

Indirect costs should be used only when the applicant currently has an indirect cost rate approved by the Department of Health and Human Services (HHS) or another cognizant federal agency. As outlined in the Budget and Budget Justification section, the application must also provide a budget justification, which includes a budget narrative and a line-item detail, for the proposed project.

**Question:** We understand that the interest accrued on loans and principal repaid during the grant period should either revolve into another loan with the same purpose of job creation or revert back to ACF if it can't be used; however,

- Do the jobs created from the subsequent loans, not the initial loan, have to be 75% low income individuals as well?

-Do the secondary loans have to remain in the geographic area identified in the grant?

-Are the secondary loans required to be paid in full at the end of the grant period as well?

-If the client cannot make the balloon payment at the end of the grant period, can we revolve it into another loan outside of these funds? Or can we request a no-cost extension on the grant period for them to payoff the loan?

-Do we get to keep any portion of the principal and/or interest after the grant period as long as we use

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

the funds for job creation?

-Should a client default on their loan under this program, are we responsible to pay that amount?

### **Answer:**

- All new positions created with CED/CED-HFFI funds during or after the grant period, including those resulting from subsequent loans, must ensure that 75% of the positions created are for low-income individuals.
- It is also expected that the subsequent loans will serve the service area defined in the application.
- It is not expected that subsequent loans be paid in full at the end of the grant period. However, as noted in the definition of Loan in the funding opportunity, re-payment of all loans, including subsequent loans, funded with CED/CED-HFFI funds must begin during the course of the funded project period.
- A balloon payment (if any) on all loans, including subsequent loans, must be made before the end of the project period.
- In regards to your last question, it is the grantee's responsibility to enforce the default and collection procedures outlined in the application. As outlined in the funding opportunity, the application must describe the initial loan(s) to be made from the grant including the name of the specific participating business(es) receiving the loans; the type(s) of the business(es); the business development plan(s); compliance with all terms of 45 CFR Part. 75.322 concerning intangible property; and includes draft copies of the loan agreement(s), which include the elements outlined in Section IV.2. Content and Form of Application Submission, The Project Description, Business Plan – Project Implementation, which includes default and collection procedures. Grantees are held accountable for achieving the project goals and job creation targets as outlined in their application. It is expected that grantees make every effort to achieve grant goals. If job creation targets are not met and/or 75% of the positions are not filled by low-income individuals, grantees may be considered non-compliant and at risk of having to return the CED/CED-HFFI funds. As a part of your application, an applicant must provide documented evidence that the it is a viable project and can be implemented as proposed in the application.

Finally, keep in mind, as outlined in Section III. Eligibility Information, to be eligible for the CED/CED-HFFI program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) or non-501(c)(3) status;
- Applicant must have articles of incorporation, bylaws, or other official documents demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
- The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

## 2015 CED/CED-HFFI Funding Opportunity Announcement Questions and Answers – (as of 04/17/2015)

**Question:** On page 27 of the announcement it states”....that the interest rate charged will be at or below market rate..” Do we define market rate? Our clients have no or low credit scores, they are usually LMI business owners who don’t have access to conventional capital, so our interest rate varies according to credit score. They wouldn’t qualify for conventional, market rate loans, which is why they come to us. What are your thoughts on how we address this in the grant?

**Answer:** The market rate would be determined by looking at the rate conventional lenders would offer. The rate for loans offered using CED/CED-HFFI loans must be at or below market value. The applicant should provide justification and documentation demonstrating that the rate they will offer is at or below what a conventional lender would offer.

Keep in mind, the primary goal of the CED grant program is to assist people with low incomes obtain and keep jobs; and, if applicants choose making a loan(s) its strategy to meet program objectives, they are encouraged to identify/explain/justify how proposed interest rates “at or below the market rate” help the targeted constituent(s) successfully own and operate a viable business to meet program objectives. However, loans should be made to vi Accordingly, any and all aspects of lending, including the use of credit scores, must be tied to the achievement of program objectives.

**Question:** I am working on my OCS-CED grant and we have two businesses that will be our first loans, however, we will not have a loan agreement fully executed as we do this at the time of loan disbursement. We can provide a sample of the loan agreement, but it won’t be signed. Is it acceptable for the grant application to explain this position and include the draft agreement in the appendix?

**Answer:** In all instances involving a loan, the applicant must identify the business(es) that will receive the initial loans. As outlined in Section V.1 under Business Plan - Project Implementation, one of the factors reviewers will consider is the extent to which the application includes draft copies of the loan agreement(s), which may be conditioned upon receipt of CED/CED-HFFI grant. The agreements should include: name of the specific business(es) receiving the loans; the type(s) of business(es); the business development plan(s); the purpose(s) for which the applicant will make a loan; the loan period; the interest rate to be charged that will be at or below market rate; the repayment schedule; the collateral security required; the default and collection procedures; the signatures of the authorized officials of the lender and borrower; and a commitment by the borrower to create new, full-time, full-year jobs - at least 75 percent of which will be filled by low-income individuals. For the initial business(es), signed agreement(s) with the initial business(es) must be included as outlined above while sample loan agreement(s) can suffice for business(es) to receive subsequent loans.

### Equity Investment

**Question:** Our understanding based on the RFP is that the equity agreement can be however we and our for-profit partner structure the agreement. Our question is: can we use convertible equity (to be converted in year 3) as the structure of our agreements?

**Answer:** The FOA does not preclude use of a convertible equity agreement. Your agreements must still comply with all requirements of the FOA, particularly those listed in Section IV, Project Implementation.

